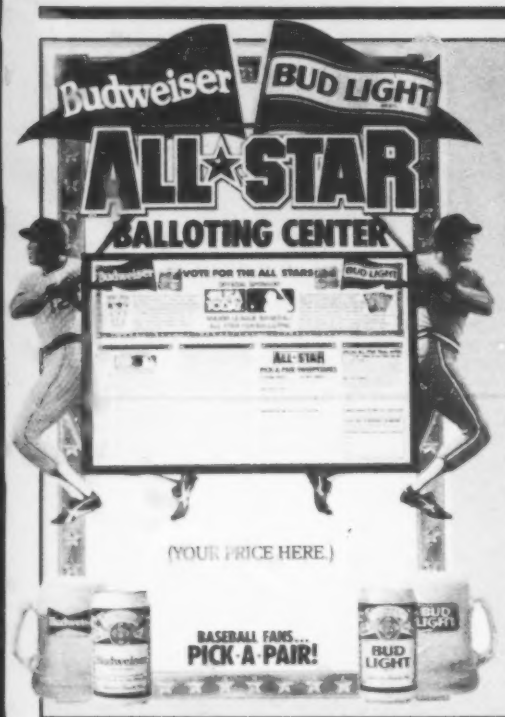


Bud on All-Star team

Brewer ties in with 'USA Today'

By IRA TEINOWITZ

It may only be spring training for Major League Baseball, but for Anheuser-Busch it's the All-Star break.

In an unusual "sublicensing" agreement, the nation's leading brewer will tie in with *USA Today* for its annual promotion centered around Major League Baseball's All-Star team.

A-B will distribute ballots in grocery and liquor stores under an arrangement with Gannett Co.'s national newspaper, which last year bought exclusive U.S. balloting rights.

The new agreement breaks recent baseball tradition, which says that only the game's corporate sponsors are involved in the balloting. A-B won't be an official corporate sponsor of Major League Baseball, but it will pay an undisclosed fee to both *USA Today* and MLB for its involvement.

MLB thus gains added exposure for its All-Star ballots through A-B's heavy in-store presence without actually reversing Commissioner Peter Ueberroth's past reluctance to enlist brewers as official sponsors.

A-B, the nation's largest brewer, says ad spending for the multimillion-dollar promotion will be "unprecedented." The seven-week media blitz, kicking off May 9, includes local and network TV, radio and a print mix of *Playboy, Rolling Stone, Sports Illustrated, TV Guide* and *USA Today*. All ads mention *USA Today*.

An expanded version of A-B's traditional spring "Pick-A-Pair" promotion for its Budweiser and Bud Light brands will include a sweepstakes tied to the All-Star balloting.

D'Arcy Masius Benton & Bowles, St. Louis, which handles the $100 million Budweiser account, is agency for the "Pick-A-Pair" promotion. DDB Needham Worldwide, Chicago, handles Bud Light's $64 million account.

USA Today stands to gain subscriptions and increased visibility from the A-B deal.

Fans who fill out the ballots to pick players for the July 12 All-Star game in Cincinnati will be offered discounts on *USA Today*. They also can answer trivia questions leading to prizes; the answers will be in *USA Today* during the balloting.

A year ago, *USA Today* paid $3 million to become one of a half-dozen corporate sponsors of MLB and for three-year rights to

(Continued on Page 83)

Anheuser-Busch is telling retailers its "Pick-A-Pair" All-Star effort will be its biggest-ever spring promotion.

World News Roundup

SYDNEY—J. Walter Thompson Australia was offered $13 million for its office building here through a local property developer as part of WPP Group's plan to sell off real estate. Sources say WPP also is negotiating the sale of its Tokyo office building for $125 million.

SANTIAGO—PepsiCo will return to Chile after an absence of two years. Embotelladora Chile will be the bottler. J. Walter Thompson Chilena will handle the $3 million relaunch, set for later this year.

ZWIJNDRECHT, NETHERLANDS—Chiquita Brands, subsidiary of United Brands Co., moved its $6.2 million European account to GGK from Young & Rubicam.

MADRID—Comercial Saimaza, General Foods' Spanish subsidiary, moved its $3.5 million Saimaza roast coffee and Tang powdered drink account to Young & Rubicam Espana from Danis, Benton & Bowles.

LONDON—Mars Inc. picked Grey Ltd. to handle the $2.5 million launch in April of Balisto, a chocolate-covered wheatmeal cookie.

RIO DE JANEIRO—Embratur, Brazil's tourism board, plans a U.S. campaign to improve the image of this city, recently hard hit by flood-

(Continued on Page 55)

Pricey European cars skid in strong market

By RAYMOND SERAFIN

These are low times for high-price European cars.

Despite robust gains by the rest of the automobile industry, sales of upscale European cars have plummeted in 1988, continuing a trend that started Oct. 19, the day the stock market plunged.

Stock market turbulence, foreign currency fluctuations and several other factors have put the brakes on the decadelong expansion of BMW, Mercedes-Benz, Volvo and other expensive European car marketers.

Shifts in currency exchange rates have caused sticker shock, with prices for some European models climbing more than 30% since fall of 1985.

New tax regulations also have discouraged sales of high-price cars because depreciation allowances and write-offs for sales taxes and interest have been changed or eliminated.

Competition from Japanese importers and U.S.-based companies is another factor cutting into the Europeans' previously uncontested domain.

Mike Jackling, exec VP at BMW of North America, estimates the tax law changes increased costs of luxury European cars 5% to 10%.

Another, temporary, factor is taxpayers' uncertainty about how they'll fare under the new tax laws, said Thomas O'Grady, president of Integrated Automotive Resources. "They're at least waiting until after they prepare their tax returns," he said.

The slump is forcing the European importers to try new strategies such as cut-rate financing and resale value guarantees. It also has raised doubts about the viability of some of the weaker franchises, and has spurred speculation that some agencies could be in danger of losing their accounts.

"Oct. 19 was a bizarre economic

(Continued on Page 86)

Nielsen OKs people-meter probe by nets

By VERNE GAY

NEW YORK—A.C. Nielsen Co. has agreed to go along with the Big 3 TV networks in an extensive investigation of its people-meter ratings system.

Nielsen said it will provide a wide range of data necessary for the networks to carry out their planned review of meter techniques.

The review, funded by the networks, is expected to study sample turnover, editing procedures, sample composition, panel behavior, technical concerns and many other aspects that have been hotly debated since the people meter made its debut last fall.

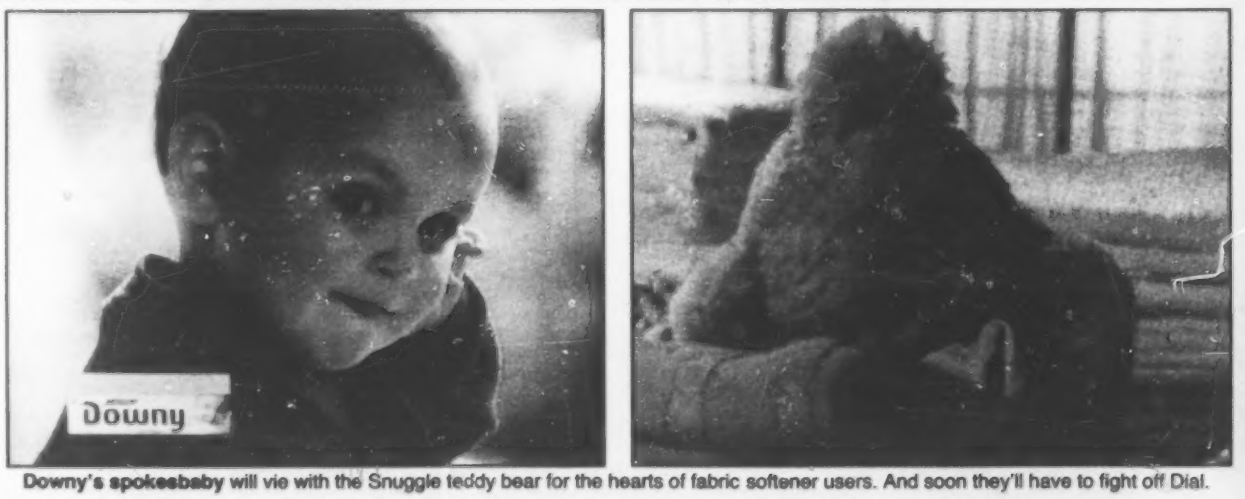
It remains unclear whether the investigation will lead to any substantive changes in Nielsen's procedures. The ratings company has steadfastly stood by its ratings techniques.

It's also unclear what role Dun & Bradstreet Corp., Nielsen's parent, will play. Publicity-shy D&B has remained conspicuously silent during the people-meter controversy. Some sources speculate D&B, by far the largest producer of business information in the world, doesn't want its reputation impugned by the people-meter controversy.

If the investigation determines that Nielsen has somehow been derelict in its procedures, D&B may force its unit to change its methods.

The networks also will focus on the people-meter methods of Nielsen rival AGB Television

(Continued on Page 83)



Downy's spokesbaby will vie with the Snuggle teddy bear for the hearts of fabric softener users. And soon they'll have to fight off Dial.

Softener battle to stiffen

By LAURIE FREEMAN and WAYNE WALLEY

Dial Corp. is one step closer to marketing a new fabric softener it says includes a technological advance that supersedes the products marketed by Procter & Gamble Co. and Lever Bros.

But P&G and Lever aren't about to yield their hard-won market shares in the $757 million category.

P&G this week breaks its first ad campaign for Downy Dryer Sheets (AA, Feb. 1), the first extension of the leading liquid softener, while Lever is backing the current national launch of a new "cuddle-fresh" scented Snuggle with a print and TV campaign featuring the Snuggle teddy bear.

"Neither P&G nor Lever will take kindly to a third major competitor," said Joseph Kozloff, VP at Drexel Burnham Lambert. "Procter and Lever have been fighting a long, hard battle with each other in fabric softeners, and they're not about to give up easily. Dial's going to have a major fight on its hands."

Dial last week picked Tracy-Locke to handle advertising for the as-yet-unnamed fabric softener. Observers believe part of Dial's assignment for the Dallas agency is to determine how difficult it will be for Dial to show it has something new and different.

A key issue is whether the new product should be positioned as a replacement for one of Dial's existing products or should stand on its own, with a new name, identity and packaging.

The company already markets Sta Puf fabric softener and Toss 'N

(Continued on Page 82)

Designer furniture sellers sitting pretty

By Janice Steinberg

A few years ago, the director of a San Diego modern art museum complained that he had to make a trip to Italy to find the high-styled furniture he wanted for his office. Today, he could probably stay home.

In more than a dozen cities, pioneering retailers are bringing to the public high-design furniture—items that were either unavailable in the U.S. or limited to designer showrooms. They say that the public is happy to spend the money to get good design.

"People really tend to gravitate to good design when they can see it," says Richard Gorman, president of Manifesto in Chicago. "If you have two different pieces sitting there, it's interesting that there is a natural tendency toward the one that's better designed."

Manifesto, which opened in July 1986, did better than $600,000 in sales during its first year and reports an average 200% sales increase, on a month-to-month basis, over the same period a year earlier. The store specializes in high-ticket reproductions of classic designs, such as a $1,500 Frank Lloyd Wright chair.

"Sales have increased 10% to 20% every year for the last five years," says Barry Bursak, president of City, a Chicago store in which virtually all of the products—furniture, lighting, home accessories and clothing—are black or gray, reflecting Mr. Bursak's devotion to a minimalist Bauhaus style. City started in a 13,000-square-foot space five years ago, and in October 1987, moved to a new location approximately double that size.

Revenues have grown 100% annually since Arkitektura Showrooms opened in Birmingham, Mich., two years ago, says Andrew Fisher, president-ceo.

"We've gone from having nine people a week in the showroom to about 140 a week," he says.

Co-owned by Mr. Fisher and Ron Swanson, the grandson of noted designer Eliel Saarinen, Arkitektura carries reproductions of classic furniture designed by Eliel and Eero Saarinen, Mies van der Rohe, C.R. Mackintosh, Le Corbusier, Eileen Gray and other 20th century masters.

The Saarinen furniture is manufactured at Arkitektura Inc., a separate entity.

The high-design furniture stores essentially occupy two categories. There are those such as Arkitektura, which sell reproductions of classic designs, and those such as Luminaire and City, which specialize in current European imports, primarily Italian products from Zanotta, Cassina, Driade, Fontana Arte, Cappellini and other furniture companies.

The prices represent major savings over buying through designer showrooms, says Janet Sawyer, owner of Metropolis in Minneapolis.

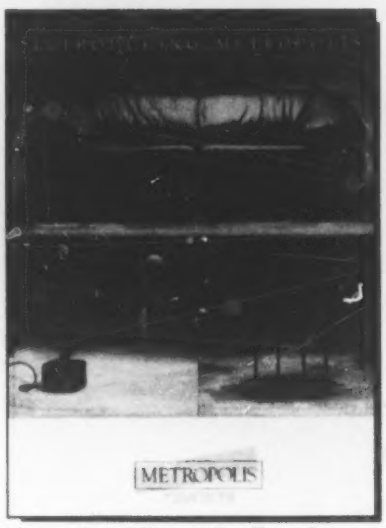
For example, she sells $5,000 sofas that she says are of equal quality and design integrity to sofas costing $15,000 through New York showrooms.

Still, designer furniture stores are no bargain hunter's haven. Typical wares at San Diego's Inside include an $11,400 Paolo Degenello sofa, a $3,500 Zanotta sofa, a $2,950 beola-stone Zanotta table, and a variety of lighting fixtures with a general price range of $100 to $400.

"It's very expensive stuff," says Inside owner Michael Dunsford. "For people who live by budgets, it's hard to say, 'Why don't I buy this $450 desk lamp as opposed to this $69 ginger jar lamp?' " He says most of his customers are upper-income professionals who live in the posh San Diego County communities of La Jolla and Del Mar.

Nasir Kassamali, who opened Luminaire—generally recognized as the first of the retail design stores—in Miami in 1974, surveys and maintains a database on his clients. He says Luminaire customers tend to be 29-52 years old, have two children and own homes with a median price of $160,000. Seventy-eight percent drive imported cars and 42% have traveled abroad.

Although Mr. Kassamali declined to give sales figures, business was good enough that within two years he went from his initial 384-square-foot space to a 4,000-square-foot store.



Metropolis in Minneapolis offers what was once only available through designer showrooms or in Italy.

Luminaire is now a two-store, 20,000-square-foot business with a 16,000-customer mailing list.

Several high-design furniture retailers say their range of customers has surprised them.

"Our clientele is outrageous to me," says Ms. Sawyer. "I had thought before we started [in late 1985] that our clientele would be 30-45, yuppie, straight couples, gay couples, dual-income families. . .

"But our client is also an architecture student who is convinced that he needs a designer lamp or chair. We sold our most outrageous lighting system to a retired farm couple from southern Minnesota."

"We have a lot of males, which surprises me," says Manifesto's Mr. Gorman. "I thought women would be more of the purchasers of furniture, but it's at least 50% men."

Eighty percent of Manifesto's sales are to people 50 and above, says Mr. Gorman.

"But we do have many people come in who just want to own a piece of Wright or touch some of the architects. They'll spend the money, but I know it's more difficult for some than others," he says.

High-design furniture retailers use a variety of marketing strategies to reach their heterogenous public.

Arkitektura, Manifesto, Metropolis and Inside advertise in local magazines. Arkitektura and Manifesto spend $20,000 to $25,000 on advertising yearly, say Messrs. Fisher and Gorman, respectively.

Mr. Bursak advertises nationally and internationally—in *Interview* and *Manipulator* magazines—rather than locally.

"We never positioned ourselves as a local Chicago business," he says. "From the start we positioned City as an international-style store and we do a substantial amount of our business with people who are traveling through Chicago."

Luminaire's Mr. Kassamali does no traditional advertising, relying instead on mailings to his 16,000-customer list once or twice a year—"educational pieces that inform the public of new happenings on the European scene or the Japanese scene or even the American scene," he says.

Direct mail is used by a number of high-design retailers.

"Direct mail is by far our best source," says Ms. Sawyer, although she says it's difficult to expand her list beyond walk-in traffic.

"You can get an American Express list broken down by almost every darn thing in the world but not by an interest in design. It's one person out of 100 all over the place, so how do you narrow it down?" she says.

Arkitektura spends $10,000 to $15,000 on direct mail annually, Mr. Fisher says. Direct mail also is used by Manifesto and Inside.

Where to advertise isn't even an issue for many high-design furniture stores, however. Four of the nine retailers interviewed do very little or no advertising at all.

"Free publicity has been our best advertising," says Norman Matos, manager of Giles & Lewis in New York. "Every two weeks another magazine has called. Giles & Lewis has been mentioned in several design books and in *Architectural Digest, House & Garden, Metropolitan Home* and *Town & County*."

Opened in December 1986, Giles & Lewis did $1.8 million of business in its first year with minimal advertising, he says.

"We've been growing at an annual rate of 20% to 30% [for five years] and have not had to advertise," says Chuck Pischke, outside sales manager at Current in Seattle.

Like Giles & Lewis, Current is regularly written up in national magazines. Mr. Pischke says that another advantage is Current's Seattle location. Because there is no competition for miles, Current can carry a comprehensive collection of imported lines and has customers nationwide.

"We call it alternative advertising," Dan Friedlander, owner of Limn in San Francisco, says about his store's combination of educational and art projects.

Limn has sponsored four shows at the San Francisco Museum of Modern Art, brought lecturers to the store and developed an in-store exhibition program that includes paintings, drawings, photography, sculpture and new products.

Since 1987, Limn has also held an annual International Workspace Design Competition in which entrants present a solution to a particular design question for a $5,000 prize. Last year's competition dealt with designing a workspace for young adults. It was mentioned in more than 30 international magazines and generated 3,000 requests for entry forms and 80 entries. This year's challenge is to design a more joyous workspace.

"I'm not sure these things have helped us short-term, but they've probably helped position us long-term in certain people's eyes around the world," says Mr. Friedlander.

In spite of the success of the handful of retailers selling high-design furniture, don't expect to see an Arkitektura springing up tomorrow in every upscale shopping mall. Two retailers say they have already turned down proposals to expand.

"I was approached by a major American retail chain about a year and a half ago to come up with something that looked like City, that they could plug into 200 mall locations," says Mr. Bursak.

"They didn't want City, they wanted a watered-down version of City. They wanted something that gave people the impression of style and value, but that sold cheap junk," he says.

Giles & Lewis was approached about opening in three malls, in Stamford, Conn., Short Hills, N.J., and San Francisco, says owner Giles Forman. But he lacked the necessary time and money because the store was moving into a much larger space at the time.

Mr. Forman does see a future in which there might be a chain of Giles & Lewis stores, but they would have to be almost autonomous, he says. "There might be a very wide selection of materials and products carried in the various stores. They should not be identical."

Many of the high-design retailers feel as strongly—if not more so—about their role in promoting good design as they do about making a profit.

"I'm not in this business for the sake of selling stuff," says Mr. Kassamali. "It's a lifelong dream come true."

"My main interest is educational," says Mr. Dunsford, who previously worked in the education program at the La Jolla Museum of Contemporary Art.

"The education part is just getting people to look at stuff—to look at a sofa like this [Paolo Degenello] and think that it might be possible to live with it."

Total affluent household expenditures in past year*
(in $ billions)

Home furnishings	$43.7
Women's apparel	18.0
Home improvement materials	15.5
Men's apparel	13.1
Entertainment appliances	12.6
Jewelry	10.3
Household appliances	7.8
Artwork and collectibles	7.0
Children's apparel	3.7
Personal computers	3.7
Cosmetics and fragrances	3.0
Watches	2.7
Athletic equipment	2.5
Photographic equipment	2.3
Books	2.3

*Household incomes of $50,000 or more

Source: Mendelsohn Media Research, 1987

Janice Steinberg, a San Diego-based free-lance writer, is a frequent contributor to Special Report.

$2,300 scotch sets tone for Glenfiddich

By Lori Kesler

If you are defined by what you own, then keeping a Stag's Head decanter of 25-year-old Glenfiddich single-malt Scotch whisky around the house should propel you into the stratosphere of chic.

Glenfiddich's finest, said to be the world's most expensive bottle of scotch, comes in a handcut Edinburgh crystal decanter topped by a solid sterling silver stag's-head stopper. It's packed in an inlaid walnut chest with green velvet lining. A certificate of authenticity accompanying each bottle bears the signature of the great-grandson of William Grant, founder of the century-old distillery in Dufftown, Scotland.

The Stag's Head decanter of scotch costs $2,300—about the same price as 175 bottles of ordinary scotch.

Of course you can buy a bottle of 10-year-old Glenfiddich single-malt Scotch whisky at your neighborhood liquor store for just over $20. It's probably almost the same, except that the Stag's Head limited-edition product has aged for a quarter of a century in a wooden cask stashed in a secret cave somewhere in the Scottish Highlands. Even without the fancy decanter, the 25-year-old stuff would cost well over $1,000.

Lori Kesler, an ADVERTISING AGE *correspondent based in St. Louis, is a frequent contributor to Special Report.*

Edison, N.J.-based William Grant & Sons, which imports Glenfiddich for U.S. distribution, sells about 40 Stag's Head decanters each year. Officials admit there's not a particularly big market for a distilled spirit that costs more than a Caribbean cruise. And that's just as well, because there's also not a very big supply. The distillery makes only a small quantity available for sale each year.

But Michael Luftglass, William Grant & Sons' marketing VP, says the 25-year-old Stag's Head product is important to Glenfiddich's broader marketing strategy because it casts a "halo effect" over the brand as a whole. "It helps position the Glenfiddich brand as a very high-quality product," he says.

In fact, the Stag's Head ads, which appear before Christmas and Father's Day in upscale publications, can cut through a lot of advertising clutter because the "outlandish price and the unusual packaging" attract reader interest, he says.

"Obviously, Glenfiddich never sells enough Stag's Head decanters to warrant the advertising for them," says Steve Friedman, VP-management supervisor at Chiat/Day, New York, the brand's agency. But after seeing those ads, "people will associate the $21 bottle with status and prestige."

Advertising the $2,300 bottle—for a limited market—helps position the $21 bottle as a status product.

Glenfiddich, the best-selling single-malt scotch worldwide, is No. 2 in the U.S., where House of Seagram's Glenlivit leads the category by a wide margin.

Glenfiddich, which boosted ad spending 50% during the past few years, currently advertises in men's fashion magazines, select business publications, the Sunday magazines of the *Los Angeles Times* and *The New York Times*, and local magazines in key markets.

At the moment, Glenfiddich is trying to stay ahead of newcomers to the category while closing the gap on Glenlivit. It appears to be succeeding.

Frank Walters, director-research of New York-based M. Shanken Communications, says Glenfiddich sold an estimated 58,000 cases in 1987, up 29% from 1986. Meanwhile, Glenlivit sold an estimated 120,000 cases in 1987 for a 9% gain on the previous year.

Mr. Walters says both of the leading single-malt scotches are priced as "super-superpremiums," about 40% higher than superpremium blended scotches such as House of Seagram's Chivas Regal and Distillers Somerset Group's Johnny Walker Black. He says single-malts comprise a small but growing category whose leaders are clearly aiming for the upscale market.

Indeed, Mr. Luftglass says one reason Glenfiddich is beating the odds in the generally depressed liquor industry is because the company understands Americans' "aspirational" buying behavior.

"People want to buy what they think is best," he says, "and until recently, they perceived that the best scotches were the deluxe blends such as Chivas Regal and Johnny Walker Black." Now he says single-malt scotches are gaining favor because of their distinctive character and smooth taste.

"Our strategy is to create a new gold standard for scotch," says Mr. Friedman. "We're targeting people who drink scotch and use premium products. We think, frankly, we can get the Dewar's customer to move up to Glenfiddich when he aspires to the best. Our goal is to make him jump right over Chivas."

Mr. Luftglass says the typical Glenfiddich customer is a male, 35 or older, who lives in a major urban center on the East or West Coast. He's inclined to drive a foreign car, drink imported bottled water, wear fine ties and fashionable wristwatches and purchase premium products in all categories.

The $2,300 decanter is purchased by "that very rare individual who really has everything in life," says Mr. Luftglass. He describes the Stag's Head customer as "an outspoken person who likes to send strong signals about his or her position in the world." He says the company counts many of the rich and famous among its clients.

Mr. Luftglass says the future of the distilled spirits industry belongs to high-end brands, and Glenfiddich is well-positioned to take advantage of that trend. "People today are drinking less," says Mr. Friedman, "but when they do drink, they want the best."

Countries affluent consumers associate with luxury products*

Country	Percent
France	52.9
USA	49.5
Italy	43.4
Germany	31.5
Great Britain	22.0
Japan	16.3
Sweden	14.8
Belgium	11.3
Spain	9.3
Denmark	9.1
Norway	3.8

*Respondents with a household income of $75,000 or more

Source: Starch INRA Hooper, 1987.

Parker rebuilds a quality image

By Lori Kesler

If George Parker were alive today, he'd probably approve of his company's newest fountain pen. It is, after all, a re-creation of the original 1921 Parker Duofold.

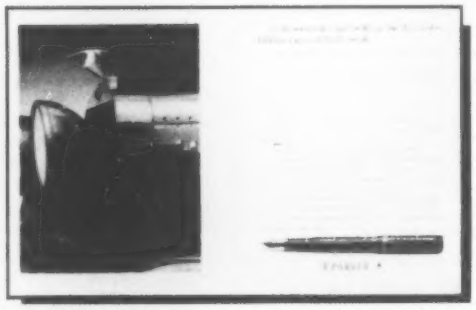
But the Parker Duofold Centennial costs a little more this time around. The 18-carat gold-nib fountain pen, which mates traditional '20s styling with modern engineering design, retails for $275; the matching ball pen costs $125. In 1921, the fountain pen retailed for $7.

Parker Pen USA Ltd., Janesville, Wis., reintroduced the Duofold classic to celebrate the company's 100th anniversary. But bringing back this pen symbolizes something even more significant. It marks the company's return to its roots as a purveyor of quality writing instruments.

Mr. Parker never tried to produce the cheapest pens on the market. In fact, the company's founder liked the idea of giving customers a good reason to spend a little more money. "Make something better," he said, "and people will buy it."

For the next 90-odd years, his philosophy guided the company's expansion in Europe and the Far East, and Parker pens became the best-selling brand worldwide. But in the U.S., "we lost our way a bit," says Robert Walker, the company's director of marketing.

While Parker never abandoned its high-end position in foreign markets, it started concentrating on low-price mass-distribution products in the U.S.—and got itself into big trouble.



Ads that broke late last year compared the Duofold's craftsmanship to that of an antique automobile.

"Parker was making $1.98 pens and suffering from the diffusion of its image," says Eugene Rohlman, marketing communications manager. Meanwhile, U.S. competitors jumped in to fill the vacuum created when Parker vacated the $10-and-up market.

In 1985, the company made money in Europe and Asia, but domestic operations lost $22 million. A group of British investors bought the pen company for about $100 million in February 1986, and the U.S. division was given a year to fix its operation or close.

"They fixed it," says Jacques Margry, ceo of Parker Pen Ltd., Newhaven, East Sussex, England.

The company decided to rebuild the brand in the U.S. by re-establishing its high-end reputation. U.S. dollar sales increased 28% during the last two years, far outpacing the total industry's 5% annual growth rate, and Parker's luxury pen sales in the U.S. rose 40% while fountain pen unit sales more than doubled.

Sales worldwide grew from $165 million at the time of the buyout to $226 million for the fiscal year ended Feb. 29, 1988.

"To support our strong move upmarket, Parker invested $3.7 million in U.S. advertising of prestige products in upscale magazines in the past two years," says Peter Bentley, VP, North American Operations.

He says the thrust of that advertising was "to communicate to the consumer that every Parker writing instrument is the product of skilled craftsmanship, exquisite design and a relentless pursuit of quality."

Parker USA will spend $2.6 million on advertising during 1988 to support its upscale image. It will promote the Duofold Centennial throughout the year with ads in *Fortune, Gentlemen's Quarterly, Gourmet, House & Garden, Life, Newsweek, People, Sports Illustrated* and regional publications in several urban markets.

Although Parker still makes plenty of pens that sell for $4 to $10, its current advertising always features pens priced above $50. That's not to say Parker is abandoning its lower-price pens. Instead, officials say promoting the top-of-the-line products establishes a reputation for quality that "trickles down" to all price levels.

"Even with the Duofold as the flagship of our advertising," says Bill Tucker, president of New York-based Lowe Tucker Metcalf, Parker's agency, "we expect to sell as many low-end pens as before. We're simply communicating that Parker is a well-made product and a good value in any price range."

However, Mr. Walker believes most of the industry's future growth will come at the higher price points, with a resurgence of interest in fountain pens fueling much of that growth.

Not everyone will plunk down $275 for a fountain pen, but Mr. Walker says the Duofold definitely appeals to the well-heeled business professional who tends to buy things "with solid intrinsic values" rather than the momentary appeal of the latest fad.

Mr. Tucker expects the upscale pen category to heat up during the next few years. He says a major competitor recently hired its first outside agency, and some other companies seem to be taking a more aggressive marketing stance as well.

"Parker may have awakened some sleeping giants," he says. "Things could get interesting in this category."

Liquor's hangover continues

Industry sales fall; liqueurs up

By JOHN C. MAXWELL Jr.

The liquor industry witnessed another sales decline in 1987. However, as in 1986, there were degrees of growth and declines within different liquor segments.

The outlook for 1988 is another year of slight volume decline in spirits, with the exception of vodka and brandy imports.

The sale of specialty liqueurs and imported vodkas continued to grow. Tequila had impressive growth again in 1987, largely because of Heublein's Jose Cuervo, which was up 14.9% in unit volume. This increase is probably related to the popularity of Mexican food and drinks (witness the amazing success of Corona and Sol in the imported beer market).

Imported vodka continues to outperform nearly all other segments, particularly Absolut, up 27.3%.

Whiskey sales decreased again as bonds, blends, Canadians, scotch and straights all showed declines.

Of the top 10 liquor brands, only three showed volume declines, compared with the previous year when nine had declines. Bacardi remained No. 1 and had a 3.2% volume increase.

Reordering of the top 10 was minimal, with Jim Beam moving to the No. 5 spot with a 0.3% volume increase. Canadian Mist was bumped to the No. 6 spot with a 7.3% volume increase. Twelve of the leading 33 brands that sold more than 1 million cases last year showed volume gains.

Last year's newcomer, Paddington Corp.'s Absolut vodka, moved from No. 35 to No. 21. Another share increase was seen by Jose Cuervo, which rose to 19th from 25th. This year there were no newcomers to the top-brands list.

Of particular notice is the continuing story of James B. Beam Distilling Co.'s (American Brands) Dekuyper Peachtree schnapps. It was introduced in 1984 and within a year sold 1.5 million cases, making Dekuyper the 24th best-selling liquor product in the U.S. Last year the number almost doubled. This year it's believed that the peach schnapps' sales will account for about 2.4 million cases, which is roughly two-thirds of Dekuyper's sales. (Since Beam doesn't break out Dekuyper's sales by flavors, the line isn't included in the accompanying list of top-selling brands.)

The outlook for 1988 is another year of slight volume decline in spirits, with the exception of vodka and brandy imports.

Though Dekuyper showed about an 8% drop, due mainly to fluctuating sales of various flavors, the line kept its position for the third consecutive year as No. 1 in cordials.

The extraordinary past growth in this area seems to illustrate a new drink trend that shows great potential. With more than 60 varieties available, peach being the most popular, schnapps drinkers have a tremendous selection from which to choose. Furthermore, the low alcohol content appeals to those who are health-conscious, young and female.

This type of drink not only has more of the aspects that attracted consumers to wine coolers but can appeal to an even greater audience on the basis of its tremendous variety and versatility.

The cordial/liqueur segment is expected to stay relatively stable due in part to consumers' changing tastes and interests.

The continued growth of imported vodka was shown by Absolut's 27.3% increase as well as Stolichnaya, up 10.3%, and Finlandia, up 7.1%. Recognizing this increasing market, Glenmore Distilleries Co. recently began marketing Elduris Icelandic vodka at the superpremium price of $12 to $14, which will pit it against Absolut and Stolichnaya.

It appears that drinking vodka on the rocks is becoming more of a status symbol, explaining the demand for higher quality imports. This growth doesn't seem to have reached its potential and appears to be occurring at the expense of the domestic vodkas and possibly scotch.

In the marketing area, Glenmore changed its Mr. Boston line to just plain Boston to try to liven up the old-fashioned line of liqueurs and other distilled spirits and increase consumer awareness.

The liquor industry in 1987, as it did in 1986, experienced an implosion of buyouts. In April, Beam (American Brands) agreed to buy National Distillers for $545 million. Guinness PLC bought Schenley Industries for $480 million, giving Guinness greater control over the marketing of its brands in the U.S., most notably Dewar's White Label. Furthermore, Paddington became part of the IDV Grand Metropolitan family. Paddington joins Heublein, which was bought by Grand Metropolitan earlier this year. Just recently, Kobrand Corp. lost the U.S. rights to market Beefeater gin. James Burrough PLC, Beefeater's new parent, moved importing and marketing rights of all of its brands from Kobrand to Buckingham Wile Co. For Kobrand the loss of Beefeater represents about 75% of its annual revenues.

More mergers and acquisitions are likely in 1988. As well-known brands continue taking market share away from the competition, they will continue to evaluate further industry purchases. The ongoing currency fluctuations will continue to play an important role as more and more companies pursue a global strategy.#

Mr. Maxwell is with Wheat First Securities, Richmond, Va.

Top-selling liquor brands

Brands selling more than 1 million cases. Source: John C. Maxwell Jr., Richmond, Va.

Rank '87	Rank '86	Brand	Company	Nine-liter cases (000) 1987	1986	Chg
1	1	Bacardi	Bacardi Corp.	8,179	7,927	3.2%
2	2	Smirnoff	Heublein (GM)	7,690	7,662	0.4%
3	3	7 Crown	Seagram Co.	4,485	4,600	(2.5%)
4	4	Popov	Heublein (GM)	4,050	4,183	3.2%
5	6	Jim Beam	James Beam (AB)	3,740	3,730	0.3%
6	5	Canadian Mist	Brown-Forman	3,700	3,990	(7.3%)
7	7	V.O.	Seagram Co.	3,455	3,455	0.0%
8	9	Jack Daniels	Brown-Forman	3,197	3,197	0.0%
9	10	Canadian Club	Walker (HWR)	3,100	3,050	1.6%
10	11	Seagram's gin	Seagram Co. Ltd	3,065	3,065	0.0%
11	13	Gordon's gin	Schenley (G)	2,455	2,455	0.0%
12	14	Dewar's	Schenley (G)	2,370	2,370	0.0%
13	8	Windsor Supreme	James Beam (AB)	2,210	2,210	0.0%
14	19	Gordon's vodka	Schenley (G)	2,170	2,020	7.4%
15	18	Black Velvet	Heublein (GM)	2,075	2,082	(3.0%)
16	17	J&B Rare	Paddington (GM)	1,995	2,100	(5.0%)
17	15	Kamchatka	James Beam (AB)	1,840	1,795	2.5%
18	21	Kahlua	Walker (HWR)	1,750	1,750	0.0%
19	25	Jose Cuervo	Heublein (GM)	1,590	1,384	14.9%
20	23	Ancient Age	Ancient Age	1,475	1,600	(7.8%)
21	35	Absolut	Paddington (GM)	1,400	1,100	27.3%
22	24	Early Times	Brown-Forman	1,393	1,551	(10.2%)
23	27	Tanqueray	Somerset Group	1,375	1,310	5.0%
24	16	Gilbey's gin	James Beam (AB)	1,365	1,319	3.5%
25	26	Johnnie Walker Red	Somerset Group	1,320	1,375	(4.0%)
26	20	Gilbey's vodka	James Beam (AB)	1,282	1,282	0.0%
27	29	Southern Comfort	Brown-Forman	1,250	1,250	0.0%
28	28	Crown Royal	Seagram Co.	1,185	1,280	(7.4%)
29	31	Beefeater	Kobrand	1,143	1,110	3.0%
30	32	Kessler	Seagram Co.	1,075	1,100	(2.3%)
31	32	Lord Calvert	Seagram Co.	1,050	1,100	(4.5%)
32	35	Ten High	Walker (HWR)	1,025	1,000	2.5%
33	30	Cutty Sark	Buckingham (WB)	1,015	1,140	(11.0%)

Key to parent corporations: (AB) American Brands, (G) Glenmore, (GM) Grand Metropolitan, (HWR) Hiram Walker Resources and (WB) Whitbread.

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DBS lures media heavyweights

(Continued from Page 57)

much of Western Europe. But the service is being developed for the U.K. market to target British advertisers, as well as avoid language problems and the need to negotiate multicountry performing rights payments. It also wants to ensure local availability of satellite dishes.

Mr. Bell said BSB has $180 million to spend on the first year's programming, which will fill four program services on three of its four channels.

Advertising will be accepted on three channels: Galaxy, a general-entertainment channel; Now, a news and live-events channel; and a children's and family-oriented channel. Screen, the fourth channel, will offer pay-per-view movies, so there will be no programming costs or advertising.

BSB's business plan calls for 400,000 subscribers the first year, 6 million after five years and 10 million in a decade.

One of BSB's rivals is Television Broadcasting Co., owned by Saatchi & Saatchi, the Dixon appliance chain and three U.K. TV companies. The group now is looking for a channel on another direct broadcast satellite.

TBC lost out partly because the British government didn't approve of an ad agency being included, sources say, and because TBC insisted on an entirely advertising-financed service without a pay TV channel.

Rod Allen, controller of corporate development at TBC member London Weekend Television, said TBC is negotiating an English-language channel on Astra, a Luxembourg-based satellite project now scheduled to launch in October.

Unlike other DBS ventures, Astra will launch a medium-power satellite that requires a dish of up to 24 inches but can accommodate 16 channels and cover most of Europe. Astra's strategy is to sign up both U.K.-oriented channels like TBC and would-be pan-European satellite channels frustrated by the limits of cable TV.

Rupert Murdoch plans to take up to three of Astra's 16 channels and is considering launching a pan-European satellite news channel and forming a European sports channel called Eurosport. He would also move Sky Channel, a general-entertainment channel, to Astra.

Astra already is lobbying manufacturers to start producing $500 satellite dishes and started an information campaign last month for retailers with the theme "Entertainment from the skies. Coming soon."

Manufacturers interested in producing Astra dishes include NEC, N.V. Philips, Sony and Thomson, said Astra Marketing Director Carlo Rock.#

ANY GOOD JUDGE OF ADVERTISING WILL TEAR THIS AD APART.

It's the easiest way to reserve seats to see comedian *Jay Leno* host the *Advertising Age Awards Dinner* Tuesday, April 26, 1988 at the Chicago Hilton and Towers. Benefitting the Museum of Broadcast Communications. Reception 5:30. Dinner 6:30. Show 8:00-10:00. Black-tie optional. For information: (312) 649-5205.

☐ My guests and I wish to attend the special VIP reception with Jay Leno, dinner and the awards show. Please reserve
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Rodale, Lipton join forces

EMMAUS, PA.—Rodale Press has signed a contract with Thomas J. Lipton Inc. to produce a magazine series.

The magazine will be aimed at working parents of "latchkey" children, who are alone at home after school.

The magazine will be called *Kidsmarts*. It will be distributed through direct-response coupons on Lipton ads in major magazines.#

By Bob Garfield

Ad Review

Wrigley spot is like way off base, man

(Rating: ★ ½)

Imagine this: The kids are down in the basement listening to records, dancing and whatever. It's a cellar full of 15-year-olds and down the steps comes Dad. He's wearing a Spuds MacKenzie T-shirt, untied Air Jordans and jams.

The stereo is blaring with the latest from The Cure. Dad starts snapping his fingers to it, beatnik style. Then he screams to his daughter, "Dig it, Jennifer. This is like totally rad!"

Little Jennifer just wants to die, right there next to the pingpong table, and can you blame her? Is there anything quite as horrifying as an adult straining to communicate with teen-agers on their level?

There is not. Dad may be sweetly trying to relate to Jennifer, but he's only shaming her—and maybe worse.

Maybe her humiliation turns to loathing, of her father, of herself and of her miserable adolescent lot in life. Maybe Jennifer decides at that very minute to Just Say Yes.

Let's hope not. Instead, let's think about chewing gum. Not long ago, in Chicago, some advertising and marketing executives sat plotting how to pitch their brand of chewing gum to kids.

The client was Wm. Wrigley Jr. Co., the ad agency was BBDO and the product was Wrigley Spearmint gum. Now, I wasn't at this meeting, but I have a notion as to what went on. The executives, to paraphrase Holden Caulfield, started relating like mad.

"We have to talk to the kids."

"Right, we have to speak to them. On their level."

"In terms they can understand. What do the young kids think about these days?"

"Sex. [laughter] Ha, ha, ha. But we can't do a commercial about young people teasing one another with sex."

"No that would be out of the question. Doublemint does that."

"Well, my youngster's into computers. Isn't that how they put it—'into'?"

"10-4, good buddy. Hackers are in the groove, like in that movie 'War Games.' Maybe we could do a commercial involving computers."

Like many a U.S. teen-ager, this young man likes his personal computer. He also likes his Wrigley's Spearmint gum—but what does one have to do with the other?

And a concept was born—to the chagrin, no doubt, of every fine young person in America. The new Wrigley's Spearmint campaign does for chewing gum what Dad did for Jennifer, and the results are just as embarrassing.

A commercial apparently designed to appeal to a youthful audience is so laughably, clumsily, grown-uply unhip that it's likely to send teen-agers scrambling wildly for Bubblicious.

The spot shows a good-looking, beach-boy type kid in a nice button-down shirt, seated at his home computer. As the commercial begins, he has decided to have a stick of gum.

"Time to relax," he says. "Definitely time for some Wrigley's Spearmint gum!"

As you know, chewing-gum advertising is a separate reality. It occurs in a parallel universe where people publicly disclose their intention to chew, display gum packs impossibly between thumb and forefinger and insert the gum so deliberately that it never even touches their lips.

Then they raise their eyebrows and cock their head funny, as if they'd never before encountered the chewing-gum experience.

So convention has prepared us to accept a teen-ager talking to himself about gum consumption. It does not, however, prepare us for what follows. See, the computer talks back.

"Wrigley's Spearmint?" its says, while simultaneously transcribing the words on the monitor. "What is 'Wrigley's Spearmint'?"

And thus the commercial proceeds, a boy and his computer talking about chewing gum. A foolish premise, poorly executed.

There is, of course, nothing wrong with seizing upon a *bona fide* cultural trend for use in advertising. And the computer revolution is certainly a *bona fide* trend. Indeed, Northwestern Mutual Life Insurance Co. (via J. Walter Thompson USA, Chicago) has seized on it quite smartly, by simply using an on-screen personal computer to list the routine product-superiority claims real-life agents have been boring you with for years. Forget garbage in/garbage out; the computer lends authority to the claims.

The Wrigley's computer, on the other hand, is just a stupid cliche. It trades not on the growing ubiquity of home computers but on a quickly fading gee-whiz quality—and even that isn't capitalized on, because the technical aspects of the spot are so dated.

For instance, the on-screen display is done in a typeface you see on checks and deposit slips. Yes, that typeface is nominally computer-related, but it has nothing to do with screen displays.

What we have here is a visual malapropism. What we have here is a Spuds MacKenzie T-shirt on a 47-year-old man.#

The rating system uses four stars to represent excellent, three for notable, two for mediocre and one for pathetic.

European cars

(Continued from Page 3)

event that affected the one segment that has been isolated from any downturns for more than a decade," said Raymond Ketchledge, president of Austin Rover Cars of North America, which markets the British-built Sterling.

"The market crash probably made buyers more sensitive to the price increases," said Anthony Kirton, director-marketing for Volkswagen of America's Audi of America subsidiary.

The auto industry as a whole has defied predictions that the market dive would cripple it. Overall sales for cars and light-duty trucks were up more than 17% to 2.38 million for the first two months of 1988 compared with a year earlier, according to *Automotive News* figures.

During the same two months, almost every upscale European nameplate suffered decreased sales.

Volvo dropped 26.9% to 15,830 cars sold; Mercedes-Benz fell 17.5% to 11,699; BMW declined 10.5% to 10,359; Saab sagged 16.6% to 5,795; Audi was off 15.1% to 3,431; Porsche plunged 26.4% to 2,554; Alfa Romeo was down 30.5% to 763; and Peugeot plummeted 56.1% to 684.

The gainers were scarce. Jaguar improved 1.8% to 2,568 and low-volume marketer Maserati was up 16% to 145. Sterling sales were up 103% to 2,117, but that brand wasn't introduced until February 1987.

BMW's Mr. Jackling said luxury performance cars hit their peak with sales of 1.38 million in 1986, fell 13% in 1987 and are expected to drop 8.3% to about 1.1 million this year.

He expects a recovery in the 1990s. "The demographics are shifting unerringly in favor of the luxury market," he said, referring to baby-boomers reaching peak earning years.

But by then, there will be more competition than ever. American Honda Motor Co.'s Acura Legend line is building momentum, showing a 118% sales increase in the first two months of the year. Toyota Motor Sales USA and Nissan Motor Corp. USA will join the fray with their new upscale divisions in late 1989.

Ford Motor Co.'s Lincoln Continental and Chrysler Corp.'s Eagle Premier are bidding to compete with the lower-price upscale Europeans. Both were introduced in December.

Also, Ford has its imported-from-Germany Merkur line, and Chrysler is getting ready to launch a two-seater coupe made by Maserati.

The heated competition is producing new strategies, such as Volvo Cars of North America offering 10-year car loans through Chase Manhattan Bank (AA, Feb. 1).

The Volvo plan is aimed not only at attracting new buyers but also at encouraging buyers to move up to the more expensive models in the lineup.

Most of the upscale Europeans are offering incentives to their dealers and occasionally are offering direct consumer incentives on a strategic basis.

Peugeot Motors of America is offering $3,000 bonus trade-in allowances toward a new 505 sedan or station wagon to shore up lackluster sales until the French importer launches its new 405 models this summer.

BMW is offering 6.9% financing on its 5-series cars to clear inventory before introducing a replacement later this year. The company also is introducing more $50,000-plus models, with the richer mix making up for declining volume.

Audi is guaranteeing the resale value of all its 1988 models. A new ad campaign, breaking in April, will "address more directly the issues of quality and safety," Mr. Kirton said.

The carmaker's sales slump began in November 1986 when CBS-TV's "60 Minutes" aired a segment on alleged problems of sudden acceleration in model 5000 sedans with automatic transmissions.

Mr. Kirton said Audi had no plans to drop DDB Needham Worldwide, Chicago and Troy, Mich., which also handles Volkswagen brand advertising in the U.S.

But that hasn't deterred industry speculation that Audi's new chief, Volkswagen VP Richard Mugg, might cast the agency as scapegoat to give disgruntled dealers the impression he's shaking up things.

Maserati Automobiles changed agencies last week, naming the Martin Agency, Richmond, Va., to replace Mullen Advertising, South Hamilton, Mass., on its $2 million-plus account. Martin's first Maserati work will break in June magazines.

Mr. Jackling of BMW said technological distinctions between cars are being blurred. "Quality-of-ownership" factors, such as post-purchase service, will become increasingly important in determining winners and losers, he said.

"If the segment goes down, it will not go down equally for everybody," Mr. Jackling predicted.#

Soaring European car prices

	% price increase
Mercedes-Benz 560 SEC coupe 1986 model year beginning price: $58,700 Current price: $77,065 (effective April 18)	31.3%
BMW 325 two-door sedan 1986 model year beginning price: $19,560 Current price: $24,350	24.5%
Volvo 740 turbo sedan 1986 model year beginning price: $20,220 Current price: $24,525	21.3%
Porsche 944 turbo 1986 model year beginning price: $29,500 Current price: $39,765	34.8%

Sources: Automotive News and auto marketers

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